

1904.

TWELFTH

ANNUAL REPORT

OF THE

GENERAL ELECTRIC COMPANY.

JANUARY 31, 1904.

BOARD OF DIRECTORS

GORDON ABBOTT,
OLIVER AMES,
C. A. COFFIN,
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FREDERICK P. FISH,
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EUGENE GRIFFIN,
HENRY L. HIGGINSON,
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GEORGE FOSTER PEABODY,
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OFFICERS AND DEPARTMENTS.

C. A. COFFIN, *President.*

EUGENE GRIFFIN, *First Vice President,*

E. W. RICE, JR., *Third " "*

HINS DILL PARSONS, *Fourth " "*

M. F. WESTOVER, *Secretary.*

HENRY W. DARLING, *Treasurer and Assistant Secretary,*

ANSON W. BURCHARD, *Comptroller,*

I. S. KEELER, *Second Assistant Secretary,*

H. P. SCHUYLER, *Assistant Treasurer,*

EDWARD CLARK, *General Auditor.*

} Schenectady, N. Y.

SALES DEPARTMENT

(In charge of First Vice President.)

W. J. CLARK, *Manager Foreign Department,*

J. R. MCKEE, " *Power and Mining Department,*

J. R. LOVEJOY, " *Lighting, Railway and*

Supply Departments,

} Schenectady, N. Y.

TREASURY, ACCOUNTING, COLLECTION AND CREDIT DEPARTMENTS.

HENRY W. DARLING, *Collections,*

H. P. SCHUYLER, *Credits,*

EDWARD CLARK, *Accounting,*

} Schenectady, N. Y.

MANUFACTURING AND ENGINEERING DEPARTMENTS

(In charge of Third Vice President.)

G. E. EMMONS, *Manager Schenectady Works,* Schenectady, N. Y.

W. C. FISH, " *Lynn* " Lynn, Mass.

GEO. F. MORRISON, " *Harrison* " Harrison, N. J.

LAW AND PATENT DEPARTMENTS.

HINS DILL PARSONS, *Counsel,*

ALBERT G. DAVIS, "

CHAS. NEAVE, "

} Schenectady, N. Y.

• New York.

To the Stockholders of the

General Electric Company:

The profits of your Company for the past year, including a profit of \$138,644.06 upon securities sold, and \$750,796.69 royalties, dividends, sundry profits, etc. (see p. 29), after deducting all general and miscellaneous expenses, and allowances for depreciation, losses and writing off \$553,773.01 from Patent Account, and \$2,027,841.52 from Factory Plants and Machinery were \$7,865,376.89
 Less Interest on Debentures 76,007.15

\$7,789,369.74

Less net debit to Profit and Loss in writing off the patents, etc., of the Stanley Electric Manufacturing Company and other acquired interests, and balance due on all turbine patents acquired by the Company, and in re-valuing stocks and bonds owned 1,470,098.98

\$6,319,270.76

The amount of surplus at the end of last fiscal year was 4,482,701.99

\$10,801,972.75

Paid in dividends during the year 3,508,284.00

Surplus January 31, 1904 \$7,293,688.75

The profit from the sale of securities was \$835,005.68 less this year than in 1903.

The disturbed financial and other unsatisfactory conditions of the past year have considerably affected your business, and the percentage of profit upon business done is smaller than for the previous year; the increased price of copper, higher priced and less effective labor, large expenses in developing steam turbines, and lower selling prices have all contributed to this result.

Details of the business in the Selling and Manufacturing Departments may be found in the reports of the First and Third Vice Presidents.

The Financial Report of the Treasurer and General Auditor is also submitted.

The certificate of Public Accountants is attached hereto.

By order of the Board,

C. A. COFFIN,
President.

First Vice President's Report.

SCHENECTADY, N. Y., April 20, 1904.

C. A. Coffin, Esq., President,
General Electric Company.

SIR:

I submit the following report upon the operations of the Sales Department for the fiscal year ending January 31, 1904.

SALES AND ORDERS.

The total sales (amount billed to customers) during the past year were \$41,699,617.

A comparison with the five previous years is as follows:

Year Ending Jan. 31.	Amount Billed.	Orders Received.
1899	\$15,679,430	\$17,431,327
1900	22,379,463	26,323,626
1901	28,783,275	27,969,541
1902	32,338,036	34,350,840
1903	36,685,598	39,944,454
1904	41,699,617	39,060,038

The orders received during the past year include:

Generators, rotary converters and steam turbines, aggregate capacity about 900,000 horsepower.

Railway motors, more than 7000, aggregating over 300,000 horsepower capacity.

Transformers, over 650,000 horsepower capacity.

Stationary motors, more than 15,000, aggregating over

200,000 horsepower capacity. (Stationary motors include both alternating and direct current motors.)

Arc lamps, more than 75,000.

Meters, more than 110,000.

The equipment of the Manhattan Elevated road in New York City has been completed, and has continued to operate with complete success, frequently carrying more than one million passengers per day. This road has now been operated electrically for about one year, and despite the early unfamiliarity of the operating men with electrical apparatus, and the enormous increase in traffic, not a single passenger in the elevated trains has met with a fatal accident that in any way, directly or indirectly, could be attributed to the electrical apparatus. This record is not only one of which the operating department may well be proud, but it is also a strong testimonial to the reliability of the electrical apparatus. It is worthy of note that the popular apprehension of the "deadly third rail" is without foundation as regards danger to the public. There is not a recorded instance of a passenger being killed by the third rail.

Most of the equipment for the Interborough Rapid Transit Company, New York City, has been delivered, and many of its cars have been operated for months on the lines of the Manhattan Division.

STEAM RAILROAD EQUIPMENTS.

Considerable progress has been made during the year in this important branch of our business. The New York Central Railroad has placed large orders with this company for electrical apparatus to operate its trains south of Croton (a distance of 34 miles from the Grand Central Station).

The officers and engineers of many of the great railway systems are watching closely the progress of electric traction, and express themselves as ready to adopt electricity as soon as its economical operation has been demonstrated by the installations now in progress.

The South Side and Lake Street Elevated Railways of Chicago, and the Manhattan Elevated Railway of New York City, are three roads which originally operated by steam and have since adopted electric traction. The South Side Elevated and the Manhattan are equipped respectively with the Sprague and Sprague-General Electric Multiple Unit Control

System and all are equipped with General Electric Company's apparatus. A comparison of results obtained with steam and electricity is given below :

Year.	Gross Receipts.	Operating Expenses.	Net Earnings.	% Operating Exp. to Gross Receipts.
SOUTH SIDE ELEVATED, CHICAGO.				
Steam, 1895	\$744,167	\$573,704	\$230,463	69.1
Elec., 1899	1,170,381	516,206	654,175	44.1
LAKE STREET ELEVATED, CHICAGO.				
Steam, 1895	517,305	290,000	227,298	56.1
Elec., 1899	697,513	331,553	365,960	47.5
MANHATTAN ELEVATED, NEW YORK.				
Steam, 1901	9,416,888	5,253,230	4,163,658	55.8
Elec., 1903	12,208,337	5,460,793	6,747,544	44.7

The figures in the case of the Manhattan road are made more interesting by the fact that the number of passengers carried in 1903 was 246,587,022, as against 190,045,741 in 1901, while it will be noted that the operating expenses were only \$207,564 more in 1903 than in 1901. The 1903 figures given above are for the year ending June 30, 1903. The results since that date are even more favorable to electric traction.

MULTIPLE UNIT CONTROL

The Sprague-General Electric control equipments on the Manhattan Elevated have continued to give satisfaction to its officials and engineers and by prolonged test have proved their strength, reliability and durability. The same is true of the Interborough equipments during the time that they have been in operation.

During the past year we have secured the order for the complete equipment of the elevated road in Boston, with the Sprague-General Electric system and orders for the same type of multiple unit control have been given by the Yerkes System of underground roads in London to the British Thomson-Houston Company, and by the Metropolitan Underground in Paris to the French Thomson-Houston Company. The Central Underground Railway of London has also equipped its entire system with the Sprague-General Electric Control.

The list of roads and number of cars equipped, or under contract, given in my last report has been increased as follows :

ROADS USING SPRAGUE-GENERAL ELECTRIC CONTROL.

NAME	LOCATION	NO. OF CARS
Athens & Pircus Ry.....	Athens, Greece.....	1
Aurora, Elgin & Chicago Ry. Co.	Chicago, Ill.....	28
Baltimore & Ohio R. R. Co.....	Baltimore, Md.....	4
Boston & Albany R. R. Co.	Boston, Mass.	1
Boston Elevated Ry. Co.....	Boston, Mass.....	177
Boston & Maine R. R. Co.....	Concord, N. H.....	22
Boston & Worcester Electric Ry.....	Worcester, Mass.	38
Brooklyn Rapid Transit Co.....	Brooklyn, N. Y.....	50
Butte Electric Ry.....	Butte, Mont.....	2
Canton & Akron Ry.....	Canton, Ohio.....	10
Central London Ry.....	London, Eng.....	68
Chemin de Fer de l'Ouest.....	France.....	2
Chesapeake Transit Co.....	Chesapeake, Md.....	5
Chicago, Burlington & Quincy R. R.....	Deadwood, S.D.....	3
Columbus, Buckeye Lake & Newark Ry.....	Columbus, Ohio.....	9
Columbus, Delaware & Marion Ry.....	Columbus, Ohio.....	14
Columbus, London & Springfield Ry.....	Columbus, Ohio.....	11
Dayton, Lebanon & Cincinnati Ry.....	Dayton, Ohio.....	1
Denver & Northwestern Ry.....	Denver, Col.....	5
Detroit & Chicago Ry.....	Detroit, Mich.....	10
Henry A. Everett.....	Cleveland, Ohio.....	1
Fonda, Johnstown & Gloversville Ry.....	Gloversville, N.Y.....	8
Great Northern & City Ry.....	London, Eng.....	35
Houghton Co. St. Ry. Co.....	Hancock, Mich.....	8
Indianapolis & Northwest n Trac. Co.....	Indianapolis, Ind.....	16
International Ry. Co.....	Buffalo, N. Y.....	32
Interborough Rapid Transit Co.....	New York.....	340
Jeffersonville & New Albany Ry. Co.....	New Albany, Ind.....	4
Kobu Ry. Co.....	Kobu, Japan.....	16
Lake Shore Elec. Ry.....	Toledo, Ohio.....	28
Louisiana Purchase Exposition.....	St. Louis, Mo.....	45
Manhattan Ry. Co.....	New York.....	855
Mediterranean Ry. Co.....	Italy.....	16
Milwaukee Elec. Ry. Co.....	Milwaukee, Wis.....	25
Newark & Zanesville Ry.....	Newark, Ohio.....	2
N. Y., N. H. & Hartford R. R. Co.....	New Haven, Conn.....	2
Northeastern Ry.....	England.....	60
North Shore Ry. Co.....	Sausalito, Cal.....	12
Northwestern Elevated Ry.....	Chicago, Ill.....	102
Oakland Transit Cons. Ry. Co.....	Oakland, Cal.....	4
Paris Metropolitan Tramway Co.....	Paris, France.....	90
Paris-Orleans Ry. Co.....	Paris, France.....	5
Prussian Government Ry.....	Berlin, Germany.....	19
Rochester & Eastern Ry.....	Rochester, N. Y.....	4
Saginaw Valley Traction Co.....	Saginaw, Mich.....	3
Schenectady Railway Co.....	Schenectady, N. Y.....	22
Scioto Valley Traction Co.....	Columbus, Ohio.....	12
Seattle & Tacoma Interurban Ry.....	Seattle, Wash.....	10
Springfield, Troy & Piqua Ry. Co.....	Springfield, Ohio.....	4
South Side Elevated Ry. Co.....	Chicago, Ill.....	224
Underground Elec. Rys., London, Ltd.....	London, Eng.....	123
Union & Glenn Springs Ry.....	Union, S. C.....	1
Wilkesbarre & Hazleton Ry.....	Wilkesbarre, Pa.....	6
Total		2595
Total number of roads		53

RAILWAY MOTORS.

Since the organization of the Company in 1892, we have sold 92,557 railway motors, having a total capacity of 3,420,537 H.P.

These motors are in operation in all parts of the world.

POWER TRANSMISSION PLANTS.

One of the important enterprises completed during the year is a power transmission plant at Guanajuato, Mexico. The power is transmitted at a continuous pressure of 60,000 volts. The transmission line is 101 miles long and the wires are carried on iron towers 48 feet high and 440 feet apart, instead of by the usual system of poles spaced at intervals of 100 feet or 125 feet.

Including steam and water power plants, we have installed and under contract today :

1,230,270 H.P. capacity in multiphase generators.

Of the above, 514,910 horsepower capacity are being operated by water power.

CURRENT ORDERS.

We have received during the year about 176,834 separate orders (not including contracts), an average of 570 per day.

ORGANIZATION.

There have been no important changes in the Sales Organization during the year. This organization is distinguished by its strong feeling of *esprit de corps*, and it would be difficult to find a more loyal and hard working body of employees. Great credit is due them and the Department Managers who have directed their operations, for the excellent result of last year's business.

Respectfully submitted,

EUGENE GRIFFIN,

First Vice President.

Third Vice President's Report.

SCHENECTADY, N. Y., April 20, 1904.

C. A. Coffin, Esq., President,
General Electric Company.

SIR :

I submit herewith report on manufacturing and engineering for the fiscal year ending January 31, 1904.

MANUFACTURING.

Expenditures aggregating \$2,500,000, exclusive of the cost of patterns, special tools, etc., have been made during the year for real estate, extensions to existing buildings and the erection of new ones, and for additional machinery.

The following table shows approximately the floor space and the number of employees during the past six years :

	Floor Space.	Employees.
1899	1,800,000	8,000
1900	2,000,000	11,000
1901	2,300,000	12,000
1902	2,500,000	15,000
1903	3,000,000	18,000
1904	3,700,000	17,000

Our factory buildings have been overcrowded on account of the rapid increase of business. Space and facilities are now about normal and proportioned for best economy. The increases under way are intended to give us some surplus capacity in anticipation of further increase in business.

SCHENECTADY WORKS.

The balance of machine shop of 117,000 square feet, mentioned in last report, was completed and the building occupied by July 1st.

The new power house is nearly completed and 4000 H.P. are now in service.

The storehouse and transformer building of 176,000 sq. ft. has been completed.

A machine shop of 237,000 sq. ft. for the manufacture of steam turbines was started about six months ago. The foundations are laid and the structural iron work is erected. Many other minor extensions and additions have been made in different parts of the works.

LYNN WORKS.

The buildings of 180,000 sq. ft. for the manufacture of railway motors, transformers, small motors and accessories, mentioned in the last report, were completed early in the year.

A machine shop of 137,000 sq. ft. was begun several months ago, and its construction is well advanced. This building will be used principally for the manufacture of steam turbines.

HARRISON WORKS.

The buildings mentioned in the last report, aggregating 42,000 sq. ft., have been completed.

ENGINEERING.

Engineering work of the past year has been largely devoted to the extension, improvement and cheapening of our established lines of apparatus.

There has been a continued increase in the number of applications of the electric motor to industrial work.

There has been a steady increase in the number of long distance transmission plants. The electric pressure used commercially has increased from 10,000 volts in 1893 to 60,000 volts in 1903, and we now have five large plants under construction employing 60,000 volts. The average size of the transformer used in such installations has increased from 100 Kw. to 1000 Kw., and the maximum size from about 300 to 2500 Kw.

The various installations mentioned in previous reports, in which electricity is transmitted long distances, have continued to be commercially successful, and many have been increased;

for example, 5000 H.P. capacity in generators with the necessary transformers have been ordered by the Government of Mysore for the Cauvery-Kolar plant. This nearly doubles its original capacity.

The remaining 5000 H.P. generators for Power Station No. 2, at Niagara Falls, have been completed and there are now in operation in this station eleven machines of our manufacture, making a total of 55,000 H.P.

We have also shipped the first of the 10,000 H.P. generators intended for the Canadian development of Niagara Falls power, and the second and third machines of this same size are nearly completed. These generators are the largest in capacity that have yet been constructed.

We have continued to improve the design and methods of manufacture of our switchboards for the control and regulation of electrical energy, and have received most of the important orders for such work placed during the past year.

We have designed and delivered to the Baltimore & Ohio Railroad, two large electric locomotives, of the multiple unit type, to be used in hauling trains through the tunnel under the city of Baltimore. These locomotives are an addition to those originally purchased in 1894, which are still in successful service.

The New York Central & Hudson River Railroad Company has placed with us an order for thirty electric locomotives which will be used in hauling all trains on that portion of the main line within a radius of thirty-four miles of the Grand Central Station. Each of these locomotives will have a capacity of about 2500 H.P.; they are the largest ever developed for steam or electrical work and are of an original and unique design produced by our engineers. We believe this order is the forerunner of many others to be placed by steam railroads.

Our engineers have been engaged for several years in developing and perfecting a line of single-phase alternating current motors suitable for use on railroads and tramways. While this motor and its control are both new they are based upon patents already owned by this Company.

The past year has been marked by the successful introduction of the Curtis steam turbine. We made an arrangement with the inventor of this turbine a number of years ago and as a result of his work and of our engineers, a type of prime mover

has been developed especially adapted for driving electrical generators. The combination of turbine and dynamo is known as a "turbo-generator", is unusually simple, efficient and of low cost. A large line of turbo-generators, varying in size from $1\frac{1}{2}$ H.P. to 7500 H.P., has been developed. We have sold about 350,000 H.P., of which 35,000 H.P. have been installed and are in successful operation. It is believed that the low cost, simplicity, small space and many other advantages of the Curtis turbine will result in a greatly increased sale of electrical apparatus.

Our engineers have devoted much attention to the improvement and development of the various small articles of manufacture, such as meters, instruments, switches, controllers, arc lamps, incandescent lamps, motors, etc.

A larger number of Letters Patent covering new and important designs and devices has been applied for during the past year than in any previous year.

It is a pleasure to testify to the successful, effective and original character of the work of our engineers, and to the energetic and economical work of our factory managers.

Respectfully submitted,

E. W. RICE, JR.,

Third Vice President.

Financial Report.

SCHENECTADY, N. Y., April 20, 1904.

C. A. Coffin, Esq., President,
General Electric Company.

SIR:

The Balance Sheet and Statement of Profit and Loss, herewith transmitted—with an explanation of each item on the Balance Sheet—include the assets and liabilities and profit and loss accounts of the Edison General Electric and Thomson-Houston Electric Companies (which, for convenience of book-keeping, are consolidated with those of the General Electric Company) at January 31, 1904; and when “the Company” is spoken of, both the above-mentioned corporations are included.

Assets.

PATENTS, FRANCHISES AND GOOD-WILL.

During the year there was expended in acquiring sundry patents, and in patent litigation, \$553,773.01. This is in addition to the cost of acquiring patents of the Stanley Electric Manufacturing Company and other interests, and all turbine patents, all of which are separately charged to Profit and Loss. The above \$553,773.01 is also charged to Profit and Loss, making the Company's patents, franchises and good-will stand at \$2,000,000, the same as at January 31, 1903.

FACTORY PLANTS.

This account represents the Real Estate (lands and buildings); Machinery (steam and electric plants, tools, appliances, etc.); Patterns (including drawings, etc.); and Sundries (fittings and other small property accounts) of the manufacturing plants at Schenectady, N. Y.; Lynn, Mass.; and Harrison, N. J.

All are free from mortgage or other lien.

On January 31, 1893, the book value of all three
factory plants was\$3,958,528.21

From that date to January 31, 1904 (over and
above all ordinary expenditures for the maintenance and repair of buildings and machinery),
additions of lands, buildings, machinery, etc.,
have been made at a total cost of.....14,295,518.53

Total book cost of the plants.....18,254,046.74

There has been written off during the last eleven
years a total of.....11,754,046.74

Leaving their book value at January 31, 1904....\$6,500,000.00

Divided as follows:

Schenectady plant.....	\$4,526,724.29
Lynn plant	1,688,275.41
Harrison plant (Lamp Factory)	285,000.30
	<u>\$6,500,000.00</u>

A summary of the changes in this account since the last Annual Report is as follows:

	Book Value Jan. 31, 1903.	Cost of additions during the year.	Written off at the end of the year.	Book Value Jan. 31, 1904.
Real Estate and Buildings,	\$2,876,044.65	\$1,667,293.76	\$689,994.25	\$3,853,344.16
Machinery,	2,123,953.35	1,573,926.91	1,051,226.42	2,646,653.84
Patterns,	1.00	150,340.81	150,340.81	1.00
Furniture and Fixtures,	1.00	136,280.04	136,280.04	1.00
Totals,	<u>\$5,000,000.00</u>	<u>\$3,527,841.52</u>	<u>\$2,027,841.52</u>	<u>\$6,500,000.00</u>

REAL ESTATE.

(OTHER THAN FACTORY PLANTS.)

This account represents the investment in the Edison Building, 44 Broad Street, New York City, and sundry parcels of land in various places, mostly improved and rented, which have been acquired at various times, chiefly in payment of debts.

All are free from mortgages and will be sold when opportunities offer.

STOCKS AND BONDS.

During the year this account has increased about two million dollars, principally due to the acquisition of the Capital Stock of the Stanley Electric Manufacturing Company and its allied interests.

Excepting those carried at one dollar as below explained, the total par value of all stocks and bonds owned by the Company is \$24,340,000.11.

They are carried at an aggregate book value
of ... \$14,665,242.27

Miscellaneous securities of many underlying, manufacturing, selling and patent owning corporations, and also of street railway and lighting companies, carried at one dollar for each lot, in all... 104.00

Total book value of all stocks and bonds as per

Balance Sheet..... \$14,665,346.27

Pursuant to the established policy of selling securities which there is no special reason for holding permanently, various stocks and bonds have been sold for cash since the last Annual Report.

Their total par value was \$1,733,920.06.

They were sold for..... \$1,295,456.55

They had been carried on the books at..... 1,156,812.49

Profit \$138,644.06

NOTES AND ACCOUNTS RECEIVABLE.

This account represents the total debts now due the Company.

They appear in the annexed Balance Sheet at an estimated realizable value—*i.e.* from their face, \$16,304,933.27 (which is about the billed amount of goods shipped during the last 4 months of the year) there has been deducted an allowance (which is believed to be ample) of \$1,097,452.53 for possible losses (see page 21).

SALES DURING THE YEAR.

The net amount of sales billed to customers during the year was \$41,699,617.71.

Of some 15,500 regular customers on the accounts receivable ledgers, an increase for the year of 1,000, there were debit balances against 6,350 at the close of the fiscal year.

COLLECTIONS DURING THE YEAR.

During the year the cash collections from notes and accounts receivable exceeded \$39,000,000.

On January 31, 1903, the *face* amount of notes and accounts receivable was \$13,491,039.38, all of which have been settled during the year except \$1,756,345.50. A considerable percentage of this remaining amount of notes and accounts is made up of the obligations of lighting and railway companies owned or controlled by the General Company, and which will be liquidated as the securities of these companies are sold.

	NOTES RECEIVABLE.	ACCOUNTS RECEIVABLE.	TOTAL FACE VALUES.
Balances, Jan. 31, 1903	\$2,411,374.50	\$11,079,664.88	\$13,491,039.38
Of which there have been settled during the past year	1,654,734.20	10,079,959.68	11,734,693.88
Leaving unsettled or unmatured — orig- inating <i>prior</i> to the current year — 46 note accounts and 392 open accounts	756,640.30	999,705.20	1,756,345.50
The unsettled and unmatured bal- ances of the cur- rent year are	1,702,718.13	12,845,732.64	14,548,450.77
Balances (<i>face values</i>) Jan. 31, 1904, ex- clusive of "Dollar" notes and accounts (see page 21)	2,459,358.43	13,845,437.84	16,304,796.27

"DOLLAR" NOTES AND ACCOUNTS.

In addition to the above there are notes and accounts receivable of one hundred and thirty-seven debtors, aggregating \$1,198,396.77 (*face value*), which have been written off to Profit and Loss, except the nominal book value of one dollar for each debtor. They stand on the books at a total of \$137 and are being liquidated gradually.

ALLOWANCES FOR POSSIBLE LOSSES.

	NOTES RECEIVABLE.	ACCOUNTS RECEIVABLE.	TOTAL.
On debts existing at January 31, 1903, there was then allowed...	\$116,338.53	\$558,238.81	\$674,577.34
Amount of such allowance absorbed during the current year, in effecting settlements (see footnote*)	<u>32,960.37</u>	<u>246,223.32</u>	<u>279,183.69</u>
Balance of allowance remaining at January 31, 1904	83,378.16	312,015.49	395,393.65
This allowance is now increased to cover possible losses on all unsettled and unmatured balances of the current and previous years	<u>80,483.71</u>	<u>621,575.17</u>	<u>702,058.88</u>
Total present allowance for possible losses—to be deducted from total face values....	163,861.87	933,590.66	1,097,452.53
Total face value (see page 20)	<u>2,459,358.43</u>	<u>13,845,437.84</u>	<u>16,304,796.27</u>
Book value of all above	<u>2,295,496.56</u>	<u>12,911,847.18</u>	<u>15,207,343.74</u>
Add book value of "Dollar" Notes and Accounts			<u>137.00</u>
Total book value as per Balance Sheet			<u>\$15,207,480.74</u>

* In effecting these settlements, there were realized \$186,391.63 over last year's book valuations, less \$216.10 loss in settling some debts below their appraised value. Net gain above appraised value, \$186,175.53.

WORK IN PROGRESS

This account does not include outlays for anything in process of manufacture at the factories, but represents expenditures for labor, material, etc., at cost, on 816 uncompleted installations of finished apparatus in progress at various places..	
	\$2,273,562.94
Less partial payments thereon, received under the terms of the contracts as work progressed	
	227,074.51
Balance as per Balance Sheet.....	
	<u>\$2,046,488.43</u>

None of the profit which it is estimated may be derived from these installations is included in the net earnings for the year.

MERCHANDISE INVENTORIES.

These accounts represent actual inventories—counted and valued item by item—of raw materials and goods manufactured and in process of manufacture at the factories; of shipments in transit to storerooms of local offices; of manufactured goods in storerooms of local offices; materials in local repair shops; of office furniture and fixtures, machinery, tools, instruments, etc., in the general and local offices and in local repair shops, etc., and also of all goods on consignment.

A considerable quantity of apparatus and supplies is carried at local offices for the convenience of customers to save time in delivery from factories and to save freight on individual shipments to customers by having them shipped in carload lots to local office storerooms.

Active selling finished and partly finished apparatus and supplies have been valued at estimated factory cost; inactive or slow selling apparatus and supplies at about 50% of estimated factory cost; and obsolete apparatus and supplies at scrap value.

The total of inventories of apparatus and supplies in all local offices showed a decrease from book value, which amount has been charged off to Profit and Loss.

OFFICE FURNITURE AND FIXTURES

The total appraised value of all office furniture and fixtures, machinery, tools, instruments, etc., in the general and local offices and in local repair shops is \$166,059.77. All these items are carried at a total book value of one dollar.

CONSIGNMENTS.

Finished apparatus for novel uses has been delivered to various concerns subject to purchase if its operation is successful. The greater part of consignment account represents such contingent sales, and the remainder represents apparatus on exhibition or loaned to regular customers for temporary use by them.

All such shipments are charged to this account at

estimated factory cost. Their total is ...	\$139,798.75
Less 50% allowance for depreciation.....	69,899.37

Net book value of apparatus loaned and consigned as per Balance Sheet....	<u>\$69,899.38</u>
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Liabilities.

The Company has no Note Payable.

Since January, 1895, the Company has not borrowed money nor incurred obligations, except for the three and one-half per cent Debentures issued in payment for Sprague securities referred to below; nor at any time since that date has its credit been used either by issuing notes, endorsing customers' paper for discount or lending its name in any way except as stated below. By adhering to its established policy of maintaining sales on a basis of cash, or short credit to desirable customers, all purchases have been paid for in cash.

During the past autumn and winter the Company discounted some of the notes received from customers in payment for goods. The amount of such discounted paper outstanding when the books were closed for the year was \$525,832.00, as set forth in Balance Sheet. There are now outstanding of these notes \$25,893.00. No such notes have since been discounted.

DEBENTURES.

At January 31, 1903, there were outstanding 5%
Gold Debenture Bonds of 1892..... \$99,000

All these Debentures are on their face exchangeable
for stock at the option of their holders, at the
rate of \$100 of stock for \$120 of Debentures.
During the year the holders of 17 Debentures
surrendered them and 138 shares of stock were
issued therefor..... 17,000
82,000

There are now outstanding $3\frac{1}{2}\%$ 40 Year Gold
Debenture Bonds of 1902, issued to acquire the
Sprague Electric Co..... 2,049,400

Total Debentures outstanding at the date of the
annexed Balance Sheet..... \$2,131,400

CAPITAL STOCK.

At January 31, 1903, there were outstanding
418,807 $\frac{1}{2}$ shares of the Capital Stock of the Com-
pany, par value..... \$41,880,733.33

During the past fiscal year there have been added
138 shares issued in exchange for Debentures
surrendered..... 13,800.00

Issued as Stock Dividend in addition to amount
set forth in last year's report..... 66.67

During the past fiscal year there have been added
19,721 shares, issued in part payment for the
Capital Stock of the Stanley Electric Manfg
Co.* 1,972,100.00

Total Capital Stock outstanding at the date of
the annexed Balance Sheet..... \$43,866,700.00

Capital Stock now outstanding..... \$43,866,700.00

Authorized against \$82,000 Debentures out-
standing..... 68,333.34

Authorized to be issued for \$1,000 Debenture
purchased for cash in Nov. 1900 and for frac-
tions purchased to January 31, 1904..... 25,266.66

Difference between amount of Capital Stock
authorized to be issued in payment of Stock
Dividend and amount actually issued..... 43,400.00

Not yet issued 996,300.00

Total Capital authorized January 31, 1904..... \$45,000,000.00

ACCRUED INTEREST ON DEBENTURES.

This account, as its name implies, is the full amount of interest accrued to January 31, 1904, on both classes of the Company's Debentures then outstanding.

UNCLAIMED DIVIDENDS.

This account represents the full amount unpaid on all dividends declared and payable to January 31, 1904, inclusive—the addresses of a few stockholders being unknown.

ACCOUNTS PAYABLE.

This account includes all unpaid audited indebtedness.

At the close of business on January 31, 1904, the unpaid vouchers on hand—none of which was then due under the terms of purchase—amounted to . . .	\$281,262.48
Between January 31 and February 26, 1904, the date of closing the general books, additional liabilities belonging to the past year were audited, amounting to	1,529,402.06
Total as per Balance Sheet	<u>\$1,810,664.54</u>

The amount of unpaid vouchers carried over monthly—by keeping the books, other than the cash book, open a sufficient time to include each month's obligations in that particular month—has averaged during the year about \$1,320,000.

Respectfully submitted,

HENRY W. DARLING,

Treasurer.

EDWARD CLARK,

General Auditor.

* The Stanley Electric Mfg. Co., the stock of which was acquired by the General Electric Company early in 1903, carries a floating indebtedness of about \$2,500,000.00 which it is proposed to liquidate in the near future.

PATTERSON, TEELE AND DENNIS

CERTIFIED PUBLIC ACCOUNTANTS

NEW YORK, BOSTON, BALTIMORE
AND COLUMBUS, O.

30 BROAD STREET, NEW YORK, April 27, 1904.

TO THE BOARD OF DIRECTORS OF THE GENERAL ELECTRIC CO.

We have examined the account books and vouchers of the General Electric Company, the Edison General Electric Company, and the Thomson-Houston Electric Company, for the year ending January 31st, 1904, and have verified the consolidated profit and loss account and balance sheet published herewith.

Our examination of the Merchandise Inventories has satisfied us that the methods employed in taking them are sound, and that they are carefully valued, and finally that sufficient reserves are maintained to render the valuations perfectly safe.

The reserves for possible losses on Accounts and Notes receivable appear to have been made in the same manner as in former years, and from past experience and present examination we believe these reserves to be sufficient.

We have made careful investigation of the values of Stocks and Bonds owned and are satisfied that the book-values are sufficiently within the actual values, as indicated by records of sales and by the profit and loss accounts and balance sheets of the individual companies, to provide a good margin of safety.

The valuation of Factory Plants in the present balance sheet is \$1,500,000 more than in the balance sheet of January 31st, 1903, but this is after charging against the profits as depreciation of factory plants an amount equal to 31% of the valuation in the present balance sheet, and to 11% of the total book cost of the plants as shown on page 17 of this report.

The amount charged against the year's profits for expenditure in acquiring additional patents exceeds 60% of the valuation of Patents and Franchises in the present balance sheet.

The same care as in former years has been used to include in the balance sheet all known liabilities of the Company.

PATTERSON, TEELE & DENNIS,

Certified Public Accountants.

Consolidated Balance Sheet of January 31, 1904.

ASSETS.		LIABILITIES.	
CASH.....	\$3,289,445 18	3½% GOLD COUPON DEBENTURES.....	\$2,049,400 00
STOCKS AND BONDS.....	\$14,665,346 27	5% ".....	82,000 00
REAL ESTATE (other than factory plants).....	424,082 74	ACCRUED INTEREST ON DEBENTURES.....	683 33
NOTES AND ACCOUNTS RECEIVABLE.....	15,207,480 74	ACCOUNTS PAYABLE.....	1,810,664 54
WORK IN PROGRESS.....	2,046,488 43	UNCLAIMED DIVIDENDS.....	1,825 12
			\$3,944,572 99
MERCHANDISE INVENTORIES:		DEFERRED LIABILITY ON ACCOUNT OF PURCHASE OF	
At Factories.....	\$10,488,464 63	CURTIS TURBINE PATENTS, PAYABLE IN INSTALL-	
At General and Local Offices.....	1,247,754 37	MENTS UP TO FEBRUARY 1, 1906.....	834,000 00
Consignments.....	69,899 38	The Patent Investment for which this liability was	
		incurred has all been charged to Profit and Loss	
		(see pages 5 and 16).	
		CAPITAL STOCK (see page 24).....	43,866,700 00
FACTORY PLANTS.....	6,500,000 00	SURPLUS.....	7,293,688 75
PATENTS, FRANCHISES AND GOOD-WILL.....	2,000,000 00		\$55,938,961 74

NOTE—The Company had, at January 31, a contingent liability for customers' notes discounted amounting to \$525,832.00 of which there are outstanding at April 20, 1904, \$25,893.00. (See page 23.)

E. & O. E.

HENRY W. DARLING, Treasurer.

EDWARD CLARK, General Auditor.

Consolidated Profit and Loss Account of January 31, 1904.

EXPENSES.		EARNINGS.	
Cost of Sales (including \$2,027,841.62 depreciation of Factory Plants)	\$34,918,426 81	Sales.....	\$41,699,617 71
Interest on Debentures.....	76,007 15	Royalties, Dividends and Interest on Stocks and Bonds and Sundry Profits	750,706 69
		Interest and Discount.....	194,745 24
			945,541 93
Profit for the current year.....	7,789,369 74	Profit on Sales of Stocks and Bonds.....	138,644 06
	\$42,783,803 70		\$42,783,803 70
Net amount in writing off the patents, etc., of the Stanley Electric Manufacturing Company and other acquired interests, and all turbine patents acquired by the Company, and in re-valuing all the stocks and bonds owned.....	1,470,098 98	Surplus brought over from last year.....	4,482,701 99
Dividends paid in Cash.....	3,508,284 00	Profit for the year ending January 31, 1904.....	7,789,369 74
Surplus at January 31, 1904, carried forward to next year	7,293,688 75		
	\$12,272,071 73		\$12,272,071 73

E. & O. E.

HENRY W. DARLING, Treasurer.
EDWARD CLARK, General Auditor.